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November 10, 2005

BY HAND DELIVERY

The Honorable Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Suite 700
Washington, DC 20423-0001

ENTERED
Office of Proceedings

Part of
Public Record

Re: STB Finance Docket No. 34754, Alabama Southern Railroad, Inc.
- Lease and Operation Exemption - The Kansas City Southern
Railway Company

Dear Secretary Williams:

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1150.31 and a check covering the \$1,500 filing fee. Also enclosed is a 3.5-inch diskette containing the Notice and Summary.

Please time and date stamp the extra copy of the Notice of Exemption and return it with our messenger.

If you have any questions, please contact me.

Sincerely yours,


Karl Morell

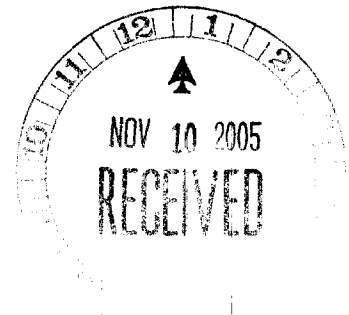
Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34754

ALABAMA SOUTHERN RAILROAD, INC.
--LEASE AND OPERATION EXEMPTION--
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.31, Et Seq.



KARL MORELL
Of Counsel
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Suite 225
1455 F Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorney for:
ALABAMA SOUTHERN
RAILROAD, INC.

Dated: November 10, 2005

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34754

ALABAMA SOUTHERN RAILROAD, INC.
--LEASE AND OPERATION EXEMPTION--
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

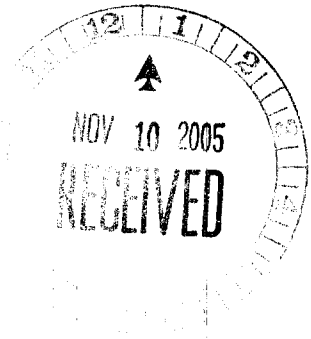
VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

Alabama Southern Railroad, Inc. ("ABS"), a non-carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart D--Exempt Transactions, to permit ABS to lease from The Kansas City Southern Railway Company ("KCS") and operate approximately 85.6 miles of rail lines located in Mississippi and Alabama. As part of this transaction, KCS will also assign to ABS KCS's overhead trackage rights over a 44.4-mile line of railroad owned by CSX Transportation, Inc. ("CSXT").

In support of this Notice of Exemption, ABS submits the following information as required by 49 C.F.R. § 1150.33:

- (a) Full name and address of applicant:

Alabama Southern Railroad, Inc.
315 W. 3rd Street
Pittsburg, Kansas 66762



(b) Applicant's Representative:

Karl Morell
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005
(202) 638-3307

(c) Statement of Agreement:

ABS has entered into an agreement with KCS for the lease of the rail lines and the assignment of the overhead trackage rights.

(d) The operator of the property:

ABS will be the operator of the leased lines.

(e) Summary of proposed transaction:

(1) The name and address of the company leasing the subject property:

Kansas City Southern Railway Company
PO Box 219335
Kansas City, MO 64121-9335

(2) The involved transaction is expected to be consummated on or shortly after November 20, 2005.

(3) The 85.6 miles of rail lines that ABS will lease are located between: (1) Milepost 17.0, near Columbus, MS, and Milepost 78.9, near Tuscaloosa AL, on the Tuscaloosa Subdivision; (2) Milepost 0.0, at Tuscaloosa, AL, and Milepost 9.3, near Fox, AL, on the Warrior Branch; and (3) Milepost 443.5, at Brookwood Jct., AL, and Milepost 429.1, at Brookwood, AL, on the Brookwood Branch. ABS is also being assigned KCS's overhead

trackage rights over the CSXT rail line located between Milepost 429.2, at Brookwood, AL, and Milepost 384.8, at Birmingham, AL.

(4) The length of the rail lines being leased is approximately 85.6 miles. The length of the assigned trackage rights is approximately 44.4 miles.

(f) A map of the rail lines being leased and the trackage rights line is attached as Exhibit A.

(g) ABS hereby certifies that ABS's projected revenues as a result of this transaction will not result in ABS becoming a Class II or Class I rail carrier. ABS further certifies that the projected annual revenue of ABS will exceed \$5 million. Consequently, ABS has complied with the notice requirements of 49 C.F.R. § 1150.32(e), and certified its compliance to the Board on September 7, 2005. A copy of ABS's letter is attached as Exhibit B.

A caption summary, as required by 49 C.F.R. § 1150.34, is attached.

ENVIRONMENTAL AND HISTORIC IMPACTS

ABS is leasing the lines from KCS and acquiring the trackage rights over the CSXT line for continued rail operations. Further Board approval is required for ABS to discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

ABS's lease and operation of the rail lines will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of this line to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the line; (2) an increase of rail yard

activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. ABS's lease and operation of the rail lines will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Karl Morell", written over a horizontal line.

KARL MORELL

Of Counsel

BALL JANIK LLP

Suite 225

1455 F Street, N.W.

Washington, DC 20005

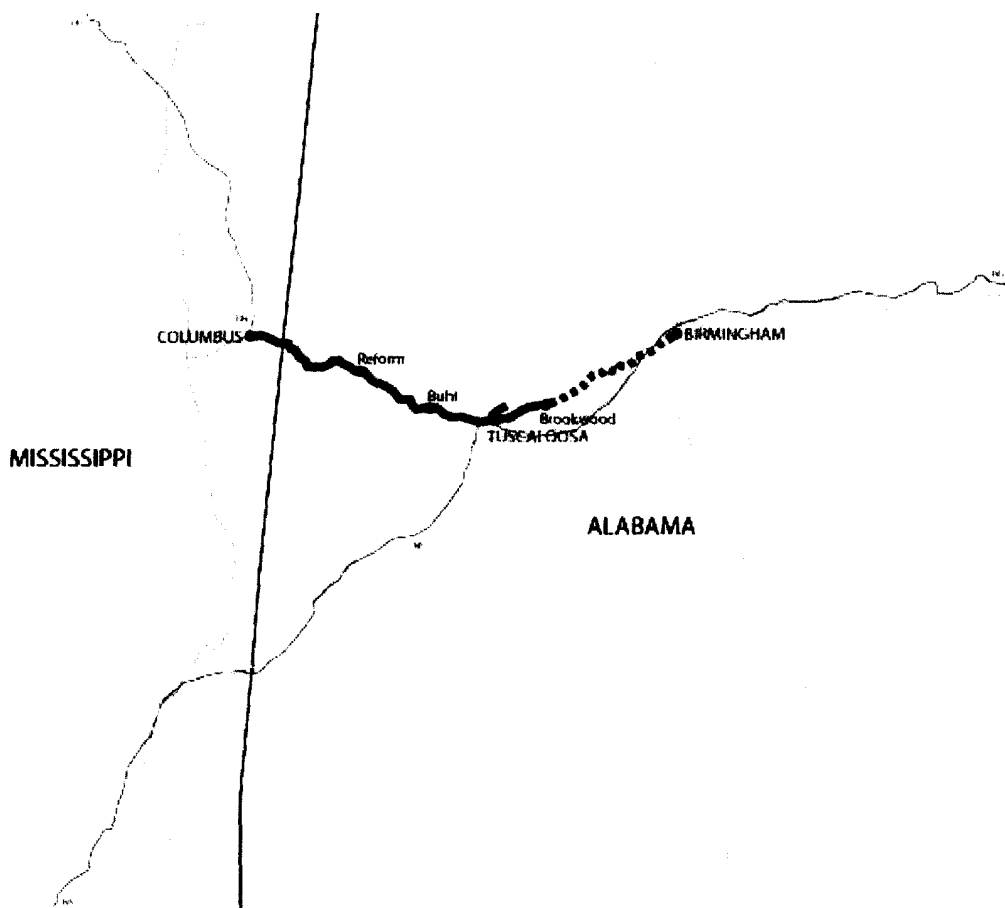
(202) 638-3307

Attorney for:

ALABAMA SOUTHERN RAILROAD, INC.

Dated: November 10, 2005

EXHIBIT A



LEGEND:

Alabama Southern RR. Lanes
Alabama Southern Truckage Rights



Interchanges

14 - Columbus
14 - Birmingham
NS - Tuscaloosa

EXHIBIT B

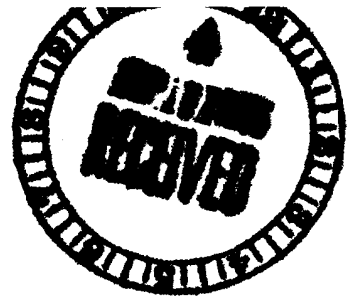
BALL JANIK LLP

A T T O R N E Y S

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TELEPHONE 202-638-3307
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KARL MORELL

kmorell@bjllp.com

September 7, 2005

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Suite 715
Washington, DC 20423-0001

Re: Finance Docket No. 34754, Alabama Southern Railroad, Inc. – Lease
Exemption – The Kansas City Southern Railway

Dear Secretary Williams:

Alabama Southern Railroad, Inc. ("ASRR"), hereby certifies that on September 6, 2005, ASRR had posted the attached Notice at the workplace of the employees on the rail lines that are the subject of this transaction and on September 2, 2005, ASRR served a copy of the Notice on the national offices of all labor unions with employees on the affected line.

Please time and date stamp the extra copy of this letter and return it with our messenger.

If you have any questions regarding this matter, please contact me.

Sincerely,

Karl Morell

Enclosure

NOTICE

SEPTEMBER 1, 2005

The **Alabama Southern Railroad, Inc.** ("ASRR"), will lease approximately 85.6 miles of track from The Kansas City Southern Railway Company ("KCS"). The rail lines are located between: (1) Milepost 17.0, near New Hope, MS, and Milepost 78.0, at Tuscaloosa AL, on the Tuscaloosa Subdivision; (2) Milepost 0.0, near Tuscaloosa, AL, and Milepost 9.3, near Fox, AL, on the Warrior Branch; and (3) Milepost 443.5, at Brookwood Jct., AL, and Milepost 429.1, at Brookwood, AL, on the Brookwood Branch. ASRR is also being assigned KCS's trackage rights over the CSX Transportation, Inc., rail line located between Milepost 429.2, at Brookwood, AL, and Milepost 384.8, at Birmingham, AL.

As a result of the operation of these rail lines leased from KCS and the assigned trackage rights, ASRR expects to have employment opportunities in the following areas:

General Manager:

Approximately 1 Position located in Tuscaloosa, Alabama. This position requires the following minimum skills and/or qualifications:

- Prefer College degree in Management.
- Must have at least 5 - 10 years of railroading experience in a supervisory and/or managerial role.
- Ability to manage all activities related to operations and development of company products/services.
- Must have the ability to create short and long range plans and budgets based on broad corporate goals and growth objectives.
- Ensure sound operating procedures according to FRA and Corporate Safety rules.
- Must ensure that emphasis is placed on a strong Customer Focus.

Road Master:

Approximately 1 position located in Tuscaloosa, Alabama. This position requires the following minimum skills and/or qualifications:

- Must be able to lead and manage track maintenance crews day to day in the safe, efficient operation to ensure operations are maintained within FRA and ASRR standards.
- Must have 3-5 years experience in operations.
- Prior supervisory experience in train operations.
- Must be self motivated with good communication skills to work with other departments and governmental/public agencies.

Train Specialist II:

Approximately 21 positions located in Tuscaloosa, Alabama. These positions require the following minimum skills and/or qualifications:

- At least 1 year experience as a Locomotive Engineer.
- Must possess a valid Engineer's certificate issued by a program in compliance with 49 CFR Part 240.
- Must be able to meet all hearing and vision requirements of 49 CFR Part 240.
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

Train Masters:

Approximately 1 position located in Tuscaloosa, Alabama. This position requires the following minimum skills and/or qualifications:

- Supervises and coordinates activities of train crews engaged in switching/RR operations.
- Must possess a high school education or GED, and a minimum of 6 months job-related experience; or equivalent combination of education and experience.
- Must possess a valid Engineer's certificate issued by a program in compliance with 49 CFR Part 240.
- Must be able to meet all hearing and vision requirements of 49 CFR Part 240.
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

Asst. Train Masters:

Approximately 1 position located in Tuscaloosa, Alabama. This position requires the following minimum skills and/or qualifications:

- Supervises and coordinates activities of train crews engaged in switching/RR operations.
- Must possess a high school education or GED, and a minimum of 6 months job-related experience; or equivalent combination of education and experience.
- Must possess a valid Engineer's certificate issued by a program in compliance with 49 CFR Part 240.
- Must be able to meet all hearing and vision requirements of 49 CFR Part 240.
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

Track Foremen:

Approximately 1 position located in Tuscaloosa, Alabama. This position requires the following minimum skills and/or qualifications:

- Manages others in the Installation and repair of railroad track on specified territory of Railroad.
- Must possess a high school education or GED, and a minimum of 6 months job-related experience; or equivalent combination of education and experience.
- Must possess a working knowledge of hand and power tools.
- Must be knowledgeable of and comply with FRA standards.
- Responsible for the safe condition of track structure.
- Must have expert knowledge of Road Way Worker Protection Laws.
- Ability to supervise track crew.

Track Laborers:

Approximately 4 positions located in Tuscaloosa, Alabama. These positions require the following minimum skills and/or qualifications:

- Installs and repairs track on specified territory of Railroad using various hand and power tools.
- Must possess a high school education or GED, and a minimum of 6 months job-related experience; or equivalent combination of education and experience.
- Required to operate track repair equipment safely and efficiently.

Clerks:

Approximately 1 position located in Tuscaloosa, Alabama. This position requires the following minimum skills and/or qualifications:

- Involved in day to day record keeping, billing, filing, and typing and general office duties.
- Must possess a high school education or GED, and a minimum of 6 months job-related experience; or equivalent combination of education and experience.
- This position will be accountable to all managers within the operation and is responsible for office coordination of activities.
- Other duties as assigned.

The most qualified candidates will be selected from the available pool of applicants without regard to race, creed, color, religion, national origin, sex, age, marital status, disability or veteran status. The selection criteria will be job-related skills and attributes as outlined above.

Successful candidates must have a stable work record and exhibit safe work practices. The ability to work in a team environment with a focus on customer service is critical. Applicants must be able to read and comprehend regulations and instructions in English, as well as possess good oral communication skills. Successful applicants will be required to pass a pre-employment drug and alcohol screen and complete a medical questionnaire. Every employee is an at-will employee. All employees are expected to know and abide by the standard code of Employee Conduct.

Alabama Southern Railroad, Inc.
315 W. 3rd Street
Pittsburg, Kansas 66762
(316) 231-2230

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 34754

ALABAMA SOUTHERN RAILROAD, INC.
--LEASE AND OPERATION EXEMPTION--
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

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The rail lines being leased are located between: (1) Milepost 17.0, near Columbus, MS, and Milepost 78.9, near Tuscaloosa AL, on the Tuscaloosa Subdivision; (2) Milepost 0.0, at Tuscaloosa, AL, and Milepost 9.3, near Fox, AL, on the Warrior Branch; and (3) Milepost 443.5, at Brookwood Jct., AL, and Milepost 429.1, at Brookwood, AL, on the Brookwood Branch. The overhead trackage rights ABS is being assigned are located on the CSXT line between Milepost 429.2, at Brookwood, AL, and Milepost 384.8, at Birmingham, AL.

This transaction is related to STB Docket No. 34755, Watco Companies, Inc. -- Continuance In Control Exemption -- Alabama Southern Railroad, Inc., wherein Watco Companies, Inc., has concurrently filed a verified notice to continue in control of ABS upon ABS becoming a Class III rail carrier.

Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANIK LLP, Suite 225, 1455 F Street, N.W., Washington, DC 20005, (202) 638-3307.

This notice is filed under 49 C.F.R. 1150.31. If the notice contains false or misleading information, the exemption is void ab initio. The filing of a petition to revoke will not automatically stay the transaction.

VERIFICATION

STATE OF KANSAS

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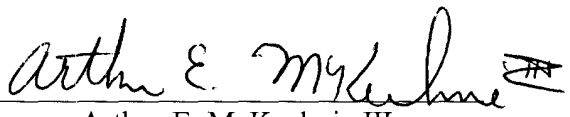
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ss.

COUNTY OF CRAWFORD

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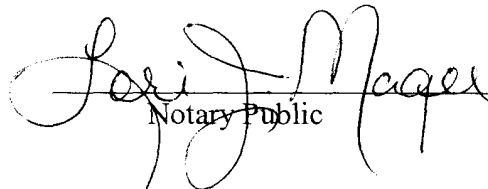
I, Arthur E. McKechnie III, being duly sworn depose and state that I am Assistant Secretary of Alabama Southern Railroad, Inc., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.


Arthur E. McKechnie III

SUBSCRIBED AND SWORN TO before me this 30th day of November, 2005, in the County of Crawford, State of Kansas.

My Commission Expires:

8/16/08


Notary Public